

YOUR PENSION UPDATE



CHRISTIAN SCHOOLS
INTERNATIONAL

Your Pension Update

Over the past 16 months, we have provided a number of updates to keep you informed about the funding status of the CSI Pension Plan and other important pension-related issues. This edition describes several recent Plan amendments and their impact on the Plan and on members.

Amendment to Manage Funding

In the June 2006 issue of Pension Update, we described a proposed amendment for improving the funding flexibility of the Plan. This amendment has now been submitted to the regulators for approval. It reduces early retirement subsidies in the event that the Plan is wound up and there are insufficient assets to pay accrued benefits at that time. As we explained, this amendment will *not affect the actual benefits paid to Plan members in the normal course of the Plan.*

The amendment helps the current funding situation of the Plan because the measurement of the funding shortfall is impacted, in part, by the calculation of liabilities at a Plan wind-up. The amendment lowers those liabilities, so the funding shortfall is not as significant. If a wind-up of the Plan ever occurs, and the Plan is in surplus at the time, the early retirement subsidies would be reintroduced, to the extent that the surplus could pay for them.

Other options for managing the funding shortfall of the Plan were available to us, as Trustees – such as short-term increases in member contributions, or temporary reductions in current benefits (both are permitted under the Plan rules) – but we rejected these options in favour of this amendment. We believe that this amendment is the best way to prioritize benefit reductions if the Plan were ever wound up and had a funding shortfall at the time. With this issue resolved, the Trustees can continue to focus on the long-term health of the Plan, rather than short-term fluctuations in funding.

The next valuation will be conducted as of August 31, 2007.

Progress on Indexing

We are pleased to announce that the resolution to implement the next phase of indexing was passed at the July 2006 CSI Board meeting and has been submitted to the regulators for approval.

Indexing is scheduled to be phased in over approximately 10 years, as shown in the following table. Each increase is implemented by means of an amendment to the Plan.

Phase-In Year	Annual Indexing Increase	Date Implemented
2004/2005	0.2%	September 1, 2004
2005/2006	0.4%	September 1, 2005
2006/2007	0.6%	Approved July 2006 for implementation September 1, 2006
2007/2008	0.8%	TBD
2008/2009	1.0%	TBD
2009/2010	1.2%	TBD
2010/2011	1.4%	TBD
2011/2012	1.6%	TBD
2012/2013	1.8%	TBD
2013/2014	2.0%	TBD

The CSI Pension Plan began to apply indexing to pension benefits starting in September 2004. Indexing is beneficial to Plan members because it permanently raises a retiree's monthly pension income by a percentage to help offset the impact of inflation.

Other Amendments

Resolutions were passed to adopt several other “housekeeping” amendments to the Plan. These amendments, in general, update the Plan rules to accommodate changes in governing legislation or to record ongoing administration practices. They do not impact benefit amounts.

Notice

The early retirement subsidy amendment described on page 1 could reduce your benefits in the event of a Plan wind-up. For this reason, if you have concerns or questions about the amendment, you may make representations to the Financial Services Commission of Ontario (the Regulator is responsible for overseeing the Plan). Such representations should be made within 30 days of receipt of this notice, to the following address:

Financial Services Commission of Ontario (FSCO)
5160 Yonge Street
P.O. Box 85
Toronto, Ontario, M2N 6L9

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Questions?

If you have any questions, please contact Howard Van Mersbergen,
Director of Employee Benefits Plans, at
1-800-635-8288 ext. 226 or hvanmersbergen@csionline.org.

This newsletter is meant to provide a summary of some information related to the CSI Pension Plan. It is not a complete explanation of the Plan. The official Plan text will govern all rights and obligations in respect of the Plan.